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ALABAMA DEPARTMENT OF ECONOMIC
AND COMMUNITY AFFAIRS

Bill Johnson
DIRECTOR

State of Alabama

January 14, 2009

Mr. Charles Franklin, CPD Director
U.S. Department of Housing and Urban Development
Birmingham Office Region IV
Medical Forum Building, Suite 900
950 22nd Street, North
Birmingham, Alabama 35203-5301

Dear Mr. Franklin:

RE: Neighborhood Stabilization Program (NSP)

We received your January 13, 2009, letter responding to ADECA's January 6, 2009, letter in which the State appealed to HUD to approve Alabama's 2008 CDBG Action Plan Substantial Amendment for administration of the Neighborhood Stabilization Program (NSP). It is obvious from your letter that HUD has not concurred with the State's request.

While HUD has given the State the option to further clarify the data for the "qualifying communities", it appears to be HUD's insistence that the State limit its distribution of funds to projects in the "priority communities". Clearly, the State disagrees with HUD's assessment of methodology behind the selection of "qualifying communities". These communities were selected using the same data used for the selection of "priority communities"; and, since all selection methods require cut-off at some level, the State's cut-off at the 20 percent level is entirely justified, especially since these communities have the need and have the capacity to meet NSP objectives.

With that said, in the interest of meeting the January 23, 2009, deadline for our response, ADECA accepts HUD's condition that funding under the 2008 CDBG Action Plan Substantial Amendment will be limited to only projects located in the seven "priority communities" - Bessemer, Birmingham, Huntsville, Jefferson County, City of Mobile, Mobile County, and City of Montgomery. ADECA also assures that each grant award will require recipients to separately target 25 percent of funds to those individuals whose income does not exceed 50 percent of Area Median Income. Once projects are progressing, ADECA may adjust individual requirements to compensate for those having difficulty meeting this requirement with those exceeding the requirement, so long as overall the State meets or exceeds the requirement.

Mr. Charles Franklin, CPD Director
Page 2

I want to personally thank you and Jean Bates for assisting and working side by side with my staff through the last several weeks to develop Alabama's Neighborhood Stabilization Program.

Sincerely,

A handwritten signature in black ink, appearing to be 'Bill Johnson', with a stylized, sweeping flourish extending to the right.

Bill Johnson
Director

BJ:SAO:md